

SENATE BILL REPORT

SB 5678

As of January 13, 2022

Title: An act relating to energy transformation, nonemitting electric generation, and renewable resource project analysis and declaratory orders.

Brief Description: Concerning energy transformation, nonemitting electric generation, and renewable resource project analysis and declaratory orders.

Sponsors: Senators Short, Carlyle, Frockt and Mullet.

Brief History:

Committee Activity: Environment, Energy & Technology: 1/13/22.

Brief Summary of Bill

- Allows an investor-owned utility, or a person proposing an energy transformation project, non-emitting electric generation project, or renewable resource project to petition the Utilities and Transportation Commission for a declaratory order to determine whether the proposed project meets the requirements of the Clean Energy Transformation Act.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: Clean Energy Transformation Act. In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), which requires Washington's electric utilities to meet 100 percent of their retail electric load using non-emitting and renewable resources by January 1, 2045. CETA requires electric utilities to eliminate coal-fired resources from their allocation of electricity by December 31, 2025, and make all retail sales of electricity greenhouse gas (GHG) neutral by January 1, 2030.

An electric utility may satisfy up to 20 percent of the GHG neutral standard with an

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alternative compliance option, such as investing in energy transformation projects. An energy transformation project must:

- provide energy-related goods or services, other than the generation of electricity;
- result in a reduction of fossil fuel consumption and related GHG emissions; and
- provide benefits to electric utility customers.

An energy transformation project may include home weatherization or other energy efficiency measures, support for electrification of the transportation sector, investment in distributed energy resources and grid modernization, and investments in renewable natural gas.

Under CETA, each utility must submit a clean energy implementation plan (CEIP) every four years, beginning January 1, 2022. The CEIP will propose interim targets and document how a utility intends to comply with CETA's clean energy and equity requirements and make progress toward the GHG neutral and 100 percent clean electricity standards. The Utilities and Transportation Commission (UTC), after a hearing, must approve, reject, or approve with conditions an investor-owned utility's (IOU's) CEIP and interim targets.

An IOU must adopt a ten-year clean energy action plan for implementing CETA at the lowest reasonable cost and at an acceptable resource adequacy standard that identifies the specific actions to be taken by the IOU consistent with its long-range integrated resource plan.

Administrative Procedure Act. The Administrative Procedure Act (APA) establishes the general procedures for agency rulemaking and adjudicatory proceedings. Under the APA, any person may petition an agency for a declaratory order on how a rule, order, or statute applies in specific circumstances.

Summary of Bill: An IOU or a person proposing an energy transformation project, a non-emitting electric generation project, or a renewable resource project (project) that may be acquired by the IOU for the purpose of complying with CETA, may petition the UTC for a declaratory order to determine whether the proposed project meets the GHG neutral and 100 percent clean electricity standards under CETA.

The petition for a declaratory order must be in writing and include an accurate description of the project.

If the UTC determines that a project in the declaratory order complies with CETA, an IOU may identify the project in its clean energy action plan and CEIP. However, if the project substantially deviates from the one described in the declaratory order, the UTC may reevaluate the project for a CEIP or preceding to set rates.

The UTC may require an applicant to pay a fee to cover the cost of reviewing the project

and preparing a declaratory order.

The bill does not preempt the authority of the UTC from making a determination independent of the declaratory order on whether a project meets the planning and portfolio requirements of an IOU's CEIP.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill is complementary to CEIPs. It will provide guidance for utilities to think about how to build energy projects under CETA and for ratepayers to ensure that more work is done up front. It is intended to give utilities reasonable certainty before starting a project. Utilities want to determine whether or not something will qualify. It is not a prudency determination, but allows a utility to present a specific design before making a sizable investment.

OTHER: We are not convinced the bill is necessary. Any party can petition for a declaratory order under existing law. The issues related to design should be under the CEIP process. This will put an excessive burden on the UTC and intervenors to the process.

Persons Testifying: PRO: Senator Shelly Short, Prime Sponsor; John Rothlin, Avista Corp.

OTHER: Amy Wheelless, NW Energy Coalition.

Persons Signed In To Testify But Not Testifying: No one.